

Message Text

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PAGE 01 LONDON 14491 01 OF 02 081929Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
COME-00 EB-08 LAB-04 SIL-01 OMB-01 TRSE-00 /080 W
-----027639 082006Z /64

R 081905Z SEP 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 9825
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION USNATO
AMCONSUL BELFAST
AMCONSUL EDINBURGH

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 14491

USEEC
USOEC

E.O. 11652: N/A
TAGS: ELAB, UK
SUBJECT: TUC VOTES ON PAY POLICY

REF: A) LONDON 14316, B) LONDON 12718

SUMMARY: ON THE THIRD DAY OF CONGRESS THE ECONOMIC
DEBATE REVOLVED AROUND THE MOTIONS RELATED TO PAY POLICY.
TWO PRINCIPAL MOTIONS WERE DEBATED AND CONGRESS, AVOID-
ING A CARD VOTE ON BOTH OCCASIONS, VOTED TO OPPOSE "ANY
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PAGE 02 LONDON 14491 01 OF 02 081929Z

FORM OF RESTRICTIVE GOVERNMENT INCOMES POLICY" AND
"RETURN TO NORMAL AND RESPONSIBLE COLLECTIVE BARGAINING."
THE MOTION CALLING FOR AN ECONOMIC CONTRACT WITH THE
GOVERNMENT COVERING PAY WAS OVERWHELMINGLY REJECTED.
THE RESULTS OF THE VOTES MEAN THAT THE PM'S PLEA FOR THE
ENDORSEMENT OF THE GOVERNMENT'S INCOMES POLICY,
PREDICTABLY, HAS FAILED. HOWEVER, THE GOVERNMENT MAY BE

ENCOURAGED BY THE MODERATE TONE TAKEN BY MOST SPEAKERS DURING THE DEBATE. THOSE WHO CAME TO THE ROSTRUM TO BURY INCOMES POLICY WERE ALL AT PAINS TO POINT OUT THAT THE DIFFERENCES BETWEEN GOVERNMENT AND TUC OVER THIS ISSUE REMAINED A DISAGREEMENT BETWEEN FRIENDS (REFTELS).
END SUMMARY.

1. THE EXPECTED OUTCOME OF THE TUC DEBATE ON INCOMES POLICY WAS PRODUCED BY THE VOTING ON SEPTEMBER 6. CONGRESS OPPOSED FURTHER GOVERNMENT POLICIES OF WAGE RESTRAINT, CALLED FOR RESPONSIBLE COLLECTIVE BARGAINING AND REJECTED AN OVERALL ECONOMIC DEAL WITH THE GOVERNMENT WHICH WOULD INCLUDE GENERAL GUIDANCE ON THE LEVEL OF EARNINGS INCREASE. THESE RESULTS WERE ACHIEVED BY A PEACEFUL AND FRIENDLY DEBATE FOLLOWED BY SHOWS OF HANDS. POTENTIALLY EMBARRASSING CARD VOTES WERE AVOIDED, THOUGH THERE WAS LITTLE DOUBT THAT AN OVERWHELMING MAJORITY REJECTS THE IDEA OF A FORMAL PAY POLICY.

2. FOLLOWING THESE VOTES CONGRESS IS COMMITTED TO OPPOSE THE GOVERNMENT'S 5 PERCENT LIMIT, AND TO ATTEMPT TO RETURN TO RESPONSIBLE COLLECTIVE BARGAINING. WITHIN THIS FRAMEWORK, THE RESOLUTIONS CALL FOR A PRIORITY IN THE NEGOTIATION OF THE 35 HOUR WEEK. A REDUCTION IN OVERTIME WORKING AND EQUAL TREATMENT FOR PUBLIC SECTOR WORKERS.

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PAGE 03 LONDON 14491 01 OF 02 081929Z

3. WHILE THESE DECISIONS REJECT THE POLICIES PROPOSED BY THE GOVERNMENT AND IGNORE THE CALL FOR SUPPORT EXPRESSED EARLIER IN THE WEEK BY THE PM, THE TONE OF THE DEBATE WAS SUCH AS TO MINIMIZE THE EMBARRASSMENT TO THE LABOUR PARTY. SPEAKERS OPPOSING INCOMES POLICY STATED

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PAGE 01 LONDON 14491 02 OF 02 081929Z
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LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 14491

THAT THEY WISHED TO SEE MODERATION AND WERE CONVINCED
THAT FREE COLLECTIVE BARGAINING WOULD NOT BRING FURTHER
INFLATION. THEY WENT TO GREAT LENGTHS TO EXPLAIN THAT
THERE WOULD BE NO UPSURGE OF CONFRONTATION. GENERAL
SECRETARY LEN MURRAY ALSO NOTED THAT THE TUC "COULD NOT
AND WOULD NOT BACK EVERY DEMAND EVERY UNION MADE."
MURRAY THUS INDICATED THAT IT IS STILL POSSIBLE TO
REPEAT THE PATTERN OF THE LAST WAGE ROUND -- TUC OPPOSING
THE POLICY OF THE GOVERNMENT WITHOUT SUPPORTING
CHALLENGES TO IT. IT WILL BE MORE DIFFICULT, HOWEVER,
TO SUCCEED IN THIS POLICY WITH A MORE STRINGENT
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PAGE 02 LONDON 14491 02 OF 02 081929Z

CONSTRAINT -- ESPECIALLY AFTER A GENERAL ELECTION.

5. THUS THE MOOD OF THE DEBATE WAS A CONTINUATION OF
THAT SET IN THE EARLIER DAYS OF CONGRESS. ALL DISAGREE-
MENTS BETWEEN THE GOVERNMENT AND THE TUC ARE FRATERNAL
DIFFERENCES AND MUST NOT BE ALLOWED TO INTERFERE WITH THE
ELECTORAL AMBITIONS OF THE LABOUR PARTY. IN AN EFFORT
TO MAINTAIN ALL POSSIBLE TUC SUPPORT, THE DEBATE WAS
COUCHED ENTIRELY IN GENERAL TERMS AND NOTHING WAS SAID
TO INDICATE THE LEVEL OF CLAIMS THAT THE GOVERNMENT
COULD EXPECT TO SEE IN THE COMING WEEKS. THERE ARE STILL
FEW CLUES TO THE WAY THE LETTER OF TUC POLICY WILL BE
TRANSLATED INTO ACTION ONCE THE WAGE ROUND IS UNDER WAY.

BY THEN THE POLITICAL CIRCUMSTANCES COULD ALSO BE VERY
DIFFERENT.

STREATOR

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